

**THIRD AMENDED
BYLAWS
OF
NORTH RANCH COMMUNITY ASSOCIATION**
(Approved by NRCA Board of Directors 9/25/07)

ARTICLE I
Name and Location

The name of the corporation is NORTH RANCH COMMUNITY ASSOCIATION, ("Association"). The principal office of the Association is located in Tucson, Arizona, but meetings of Members and Directors may be held at such places within the State of Arizona, County of Pima, as may be designated by the Board.

ARTICLE II
Definitions

The words used in these Bylaws have the same meaning as those words defined in Article I of the Declaration of Covenants, Conditions, and Restrictions of NORTH RANCH ("Declaration") which is recorded in the office of the Pima County Recorder in Docket 7738 at page 815 et seq., as amended or restated from time to time.

ARTICLE III
Meetings of Association Members ("Members")

Section 1. Annual Meeting. The annual meeting of the Members will be held in January on a date and at a time selected by the Board or at any other date and hour designated by the Board.

Section 2. Special Meetings. Special Meetings of the Members may be called at any time by the President or by a majority of the Board, or upon the written request of one-third of the Members who are entitled to vote.

Section 3. Notice of Meetings. Written notice of each annual meeting and special meeting of the Members will be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of the notice, postage prepaid, at least 15 days before the meeting to each Member entitled to vote, addressed to the Member's address set forth in the books of the Association or supplied by that Member to the Association for the purpose of notice. The notice must specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast 10% of the votes of the Membership, which includes the absentee ballots received pursuant to A.R.S. §33-1812, constitutes a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If a quorum is not present or represented at any meeting, the Members entitled to vote have the power to adjourn the meeting to a date not less than 30 days from the date of the previous meeting and notice of the adjourned meeting must be provided to all Members in accordance with Section 3, above.

Section 5. Voting.

- a. Pursuant to A.R.S. §33-1812 of the Planned Communities Act, proxy voting is not permitted. The Association must provide for votes to be cast by the Members in person and by absentee ballot. Any action taken at an annual or special meeting of the Members must comply with all of the following:
 - i. The absentee ballot must set forth each proposed action.
 - ii. The absentee ballot must give the Member the opportunity to vote for or against each proposed action.
 - iii. The absentee ballot is valid for only one specified election or meeting of the Members and expires automatically after the completion of the election or meeting.
 - iv. The absentee ballot must specify the time and date by which the ballot must be delivered to the Board in order to be counted, which must be at least seven days after the date that the Board delivers the absentee ballot to the Members.
 - v. The absentee ballot cannot authorize another person to cast votes on behalf of the Member.
- b. Votes cast by absentee ballot or other form of delivery are valid for the purpose of establishing a quorum.
- c. Votes for the election of Directors must be by either a written or absentee ballot.

ARTICLE IV
Board Selection: Term of Office

Section 1. Number. The affairs of this Association will be managed by not less than three nor more than nine Directors. The Directors must be Members of the Association.

Section 2. Term of Office: Vacancies. Directors will be elected to a three-year term. Vacancies on the Board will be filled by a vote of a majority of the remaining Directors. Appointed Board members will serve the remaining term of the Director they replaced thereby.

Section 3. Removal. A Member of the Board of Directors may only be removed pursuant to the following procedure:

- a. At any special meeting of the Association, under A.R.S. §33-1813, a Director may be removed after a petition signed by at least 100 Members is presented to the Board, who will then call a special meeting to be held within 30 days after receipt of the petition, as called for under A.R.S. §33-1804(b).
- b. A Quorum at this special meeting is 20% of the Members of the Association.

- c. A petition asking for the removal of the same of the Board member shall not be submitted more than once during each term of office for that Member.
- d. A Board member shall be removed effective upon the affirmative vote of a majority of the Members at a duly called special meeting the Board.

Section 4. Compensation. No Director will receive compensation from the Association for any service he/she may render to the Association. However, any Director may be reimbursed by the Association for his/her actual expenses incurred in the performance of his/her duties. Any Director who would benefit from a contract approved by the Board must declare in an open Board meeting that he/she has an interest in the transaction before any discussion on that contract. Once a Board Member has disclosed his/her interest, that Board Member may vote on the issue. Any contract entered into in violation of this section will be void and unenforceable under A.R.S. §33-1811.

Section 5. Action Taken Without a Meeting. The Directors have the right to take any action in lieu of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Email shall be considered written approval. A copy of each written or emailed approval shall be retained in the minutes of the Association. Any such action has the same effect as though taken at a meeting of the Directors.

ARTICLE V

Nomination and Election of Directors

Section 1. Nomination. The candidates for each election to the Board will be determined by a Nominating Committee. The Nominating Committee will consist of three members: the Chair who must be a member of the Board and two more members from either the Board or the Association. The Nominating Committee will be appointed by the President of the Board at least 90 days prior to the date set for the annual meeting and will serve until that annual meeting is adjourned. No nominations can be made from the floor at the annual meeting. Any Member who wishes to run for the Board must submit their request 30 days before the annual meeting.

Section 2. Election. Election to the Board will be by a secret written ballot. The ballots must either be mailed or delivered to the Association and received no later than 5:00 p.m. the day before the meeting, if the Member submits the ballot in lieu of attending the meeting, or brought by the Member to the meeting. If the Member brings the ballot to the meeting, he/she must sign the election book. The absentee ballots for election of Directors must be placed in a blank envelope and then inserted into another envelope containing the lot number and signature of the Member. The envelopes will be entered into the election book and then separated to preserve the anonymity of the vote. Absentee ballots cast for matters other than the election of Directors must be signed by the Member casting the vote. As provided in Article VI, Section 5 of the Declaration, cumulative voting for Directors is permitted. The Members receiving the highest number of votes for him or her will be elected.

ARTICLE VI
Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board may be held monthly, with notice, at a place and time determined by the Board.

Section 2. Special Meetings. Special meetings of the Board will be held when called by the President of the Association, or by a majority of Directors, after not less than three days notice to each Director. Notice may be given in person, via telephone, fax, or other electronic means.

Section 3. Quorum. A majority of the number of Directors constitutes a quorum for the transaction of any business. Every act or decision by a majority of the Directors present at a duly held meeting at which a quorum is present is an act of the Board.

ARTICLE VII
Powers and Duties of the Board

Section 1. Powers. The Board has the power to:

- a. adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the Members and their guests and to establish penalties for infractions;
- b. suspend a Member's voting rights and the right to use the common facilities during any period in which the is in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and a hearing for infractions of the published rules.
- c. exercise for the Association all powers, duties, and authority vested in or delegated to this Association that are not reserved to the Members by any other provision of these Bylaws, the Articles of Incorporation, or the Declaration;
- d. declare the Board member's position to be vacant if the Board member becomes inactive in fulfilling their duties and is absent from three consecutive regular meetings of the Board; and
- e. employ a manager, independent contractor, or any other employee that the Board deems necessary, and to prescribe their duties.

Section 2. Duties. The Board has the following duties:

- a. keep a complete record of all its acts and corporate affairs and present a statement of such acts to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by 25% the Members who are entitled to vote;
- b. supervise all agents and employees of this Association, and ensure that their duties are properly performed;

- c. as more fully provided in the Declaration, to:
 - 1. establish the amount of the annual assessment against each lot at least 30 days before each annual assessment period;
 - 2. send written notice of each assessment to every Owner at least 30 days before each annual assessment period; and
 - 3. enforce the lien against any Lot for which assessments are not paid within 30 days after the due date or bring an action at law against the Member personally obligated to pay the assessment. Each first mortgagee, upon written notice to the Association, is entitled to a written notice from the Association of any default in the performance by the Member of a Lot encumbered by the mortgage in favor of the mortgagee or any obligation under the declaration or under the Articles of Incorporation, Bylaws, Rules and Regulations of the Association which is not cured within 60 days.
- d. after receiving written notice of a pending sale of North Ranch property, issue all required documents to a purchaser. The Board of Directors can set appropriate fees for these documents which may be called Transfer fees, Disclosure fees, Compliance fees, or Document fees per Arizona Revised Statutes.
- e. procure and maintain adequate liability and hazard insurance on property owned by the Association;
- f. cause the Common Areas to be maintained, provided, however, that the first mortgagees have the right to jointly, or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area or other common property owned by the Association, and such first mortgagees may, jointly or singly, pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Areas or common property and any first mortgagees making such payments will be owed immediate reimbursement therefore from the Association.
- g. the association, or its managing agent, may charge a transfer fee in an amount as established from time to time by the Board of Directors and shall mail or deliver to a purchaser within ten days after receipt of a written notice of a pending sale that contains the name and address of the purchaser, all of the following:
 - 1. A copy of the bylaws and the rules of the association.
 - 2. A copy of the declaration.
 - 3. A dated statement containing:
 - (a) The telephone number and address of a principal contact for the association, which may be an association manager, an association management company, an officer of the association or any other person designated by the board of directors.

(b) The amount of the common regular assessment and the unpaid common regular assessment, special assessment or other assessment, fee or charge currently due and payable from the selling member.

(c) A statement as to whether a portion of the unit is covered by insurance maintained by the association.

(d) The total amount of money held by the association as reserves.

(e) If the statement is being furnished by the association, a statement as to whether the records of the association reflect any alterations or improvements to the unit that violate the declaration. The association is not obligated to provide information regarding alterations or improvements that occurred more than six years before the proposed sale. Nothing in this subdivision relieves the seller of a unit from the obligation to disclose alterations or improvements to the unit that violate the declaration, nor precludes the association from taking action against the purchaser of a unit for violations that are apparent at the time of purchase and that are not reflected in the association's records.

(f) If the statement is being furnished by the member, a statement as to whether the member has any knowledge of any alterations or improvements to the unit that violate the declaration.

(g) A statement of case names and case numbers for pending litigation with respect to the unit filed by the association against the member or filed by the member against the association. The member shall not be required to disclose information concerning such pending litigation that would violate any applicable rule of attorney-client privilege under Arizona law.

(h) A statement that provides "I hereby acknowledge that the declaration, bylaws and rules of the association constitute a contract between the association and me (the purchaser). By signing this statement, I acknowledge that I have read and understand the association's contract with me (the purchaser). I also understand that as a matter of Arizona law, if I fail to pay my association assessments, the association may foreclose on my property." The statement shall also include a signature line for the purchaser and shall be returned to the association within fourteen calendar days.

4. A copy of the current operating budget of the association.
5. A copy of the most recent annual financial report of the association. If the report is more than ten pages, the association may provide a summary of the report instead of the entire report.
6. A copy of the most recent reserve study of the association, if any.

ARTICLE VIII
Officers and Their Duties

Section 1. Enumeration of Officers. The officers of this Association are a president and vice-president, who must at all times be members of the Board, a secretary and a treasurer, and such other officers as the Board creates.

Section 2. Election of Officers. The Board will elect officers by first meeting of the Board following each annual meeting of the Members.

Section 3. Term. The officers of this Association will be elected annually by the Board and each will hold office for one year unless that Director resigns before the expiration of the term or is removed or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from officer status with or without cause by a majority vote of the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. The resignation becomes effective when received, or on the date specified in the notice. The acceptance of a resignation is not necessary to make it effective.

Section 6. Vacancies. A vacancy in any office will be filled by appointment by the Board.

Section 7. Multiple Offices. The office of Secretary and Treasurer may be held by the same person. No person will simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

- a. President. The president will preside at all meetings of the Board, will be responsible for preparing the agenda for such meetings, will ensure that orders and resolutions of the Board are carried out, will sign all leases, mortgages, deeds, and other written instruments and will sign all checks and promissory notes.
- b. Vice-president. The vice-president will act in place of the president in the event the president is absent, unable or unwilling to act, and will exercise and discharge such other duties as may be required of the vice-president by the Board.
- c. Secretary. The secretary will record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, provide notice meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and will perform such other duties as required by the Board.

- d. Treasurer. The treasurer will receive and deposit in appropriate bank accounts all funds belonging to the Association and will disburse such funds as directed by resolution of the Board, will sign all checks and promissory notes of the Association, keep proper books of account, cause an annual compilation, review or audit of the Association books to be made by an accountant within 180 days after the end of each fiscal year and will make the report available to the Members within 30 days after completion. The treasurer will also prepare an annual budget and statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 9. Delegation of Duties. The officers of the Association may delegate their duties to a management company, accountant or other independent contractor. These duties include the collection of assessments, the purchase of service and goods and the payment of expenses of the Association.

ARTICLE IX **Committees**

The Association will appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board can appoint any other committees that it deems appropriate to assist the Board in the performance of its duties.

ARTICLE X **Books and Records**

The Association's books and records are available for inspection by any Member. In accordance with Arizona law, any Member wishing to review these books and records must provide a written request setting forth the proper purpose for the inspection. Upon receipt of the request, the Member will be entitled to inspect the records within ten (10) days of the request during reasonable business hours and to have copies made of any documents, at the Member's expense. Pursuant to A.R.S. §33-1805, the Association will make the Declaration, Articles of Incorporation, Bylaws, the financial and other records available for inspection by any Member at the principal office of the Association, where copies may be purchased at a cost of not more than 15¢ per page.

ARTICLE XI **Assessments**

As more fully provided in the Declaration, each Member is obligated to pay annual and special assessments to the Association. Such assessments are secured by a continuing lien on the Lot against which the assessment is made. Any assessments which are not paid when due will be delinquent. If the assessment is not paid within 30 days after the due date, the delinquent assessment may bear interest and late charges as provided in the Declaration. The Association has the right to charge a late fee if any assessment is not paid within 15 days of its due date. The late fee cannot exceed 10% of the amount due or \$15.00, whichever is greater. The Association may bring an action at law against

the Member personally obligated to pay the assessment or foreclose the lien against the Lot and interest, costs, and reasonable attorney fees of any such action will be added to the amount of such assessment. No Member may waive or otherwise escape liability for the assessments by non-use of the Common Area, abandonment of the Lot, or for any other reason. The assessments must include an amount to adequately fund the reserve account for the maintenance, repairs, and replacement of those elements of the Common Area and common property owned by the Association that must be replaced on a periodic basis. All assessments imposed by the Association must be paid on a periodic basis in regular installments rather than by the imposition of special assessments.

ARTICLE XII
Amendments

Section 1. Procedure for Amendment. These Bylaws may be amended by a majority of the Board, as needed, to comply with changes in Arizona Statutes.

Section 2. Conflicts. In the event of any conflict or inconsistency between the provisions of these Bylaws and the Declaration, the Declaration will prevail and supersede the provisions of these Bylaws. Neither the Association nor the Board, nor any other agent or employee is authorized or empowered to take any action inconsistent with the provisions of these Bylaws, the Declaration or under Arizona law.

ARTICLE XIII
Miscellaneous

The fiscal year of the Association will begin on the 1st day of January and end on the 31st day of December of every year.

The undersigned, constituting all of the Directors of NORTH RANCH COMMUNITY ASSOCIATION execute this The Third Amended Bylaws on the _____ day of October, 2007.

President

Secretary

Vice President

Treasurer

Director

Director

Director